

COMPONENTS OF RETROSPECTIVE PREMIUM FORMULA

Retrospective Premium	$= [(\text{Standard Premium} \times \text{Basic Premium Factor}) + (\text{Incurred Losses} \times \text{Loss Conversion Factor})] \times \text{Tax Multiplier}$												
<p style="text-align: center;">{Fixed Cost Component}</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Sum of the Payroll x Rates for Each Classification</td> <td style="width: 50%;">Administrative Expenses</td> </tr> <tr> <td>Experience Modification Factor Applies to the Sum</td> <td>Broker Commissions</td> </tr> </table>	Sum of the Payroll x Rates for Each Classification	Administrative Expenses	Experience Modification Factor Applies to the Sum	Broker Commissions	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Paid Medical</td> <td style="width: 50%;">Medical Reserves</td> </tr> <tr> <td>Paid Indemnity</td> <td>Indemnity Reserves</td> </tr> </table> <p style="text-align: center;">{Variable Cost Component}</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Allocated Loss Adjustment Expenses</td> <td style="width: 50%;">Unallocated Loss Adjustment Expenses</td> </tr> <tr> <td>Fees</td> <td>Assessments</td> </tr> </table>	Paid Medical	Medical Reserves	Paid Indemnity	Indemnity Reserves	Allocated Loss Adjustment Expenses	Unallocated Loss Adjustment Expenses	Fees	Assessments
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Retrospective Premium is Subject to Minimum and Maximum Premium Factors

Minimum Premium = Standard Premium x Minimum Premium Factor

Maximum Premium = Standard Premium x Maximum Premium Factor

